

Message Text

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ORIGIN EA-09

INFO OCT-01 EUR-12 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 SAM-01 OES-06

SP-02 SS-15 STR-04 TRSE-00 ACDA-07 FEA-01 NSCE-00

SSO-00 USIE-00 INRE-00 PA-01 PRS-01 XMB-02 /109 R

DRAFTED BY EA/IMS:ARDORNHEIM:EA:LEEDMOND

APPROVED BY EA:LEEDMOND

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O R 302323Z JUL 76

FM SECSTATE WASHDC

TO AMEMBASSY JAKARTA IMMEDIATE

AMEMBASSY TOKYO IMMEDIATE

INFO AMEMBASSY LONDON

C O N F I D E N T I A L STATE 189707

E.O. 11652: GDS

TAGS: ENRG, EFIN, ID, JA, US

SUBJECT: INDONESIA-JAPAN LNG TRANSPORTATION

REF: A) STATE 18844; B) JAKARTA 9964

1. NISHIDA OF JAPANESE EMBASSY CALLED ON EDMOND AFTERNOON JULY 30 AT HIS REQUEST. NISHIDA SAID HE WAS NOT PROVIDING AN OFFICIAL REPLY TO EMBASSY TOKYO CHARGE'S REPRESENTATIONS PREVIOUS DAY, COPY OF WHICH HE HAD RECEIVED. HE DID WISH TO OBSERVE, HOWEVER, THAT GOJ STILL REGARDS NEGOTIATIONS IN NEW YORK AS A COMMERCIAL TRANSACTION. EDMOND REMINDED HIM THAT MITI SEEMED TO BE FOLLOWING PROGRESS OF NEGOTIATIONS VERY CAREFULLY AND IN FACT IN PART APPEARED TO BE CALLING TUNE AND THAT JAPANESE BANKS PARTICIPATING
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IN COST OVERRUN LOANS, WHOSE INITIAL DISBURSEMENT

MIGHT BE WITHHELD, WERE SUBJECT TO GOVERNMENT POLICY.

2. NISHIDA THEN INDICATED HIS MAIN CONCERN WAS AVAILABILITY OF TANKERS WHEN LNG WAS READY. ON BASIS INFORMATION PROVIDED EARLIER IN DAY BY PERTAMINA REP BENSON BUT WITHOUT MENTIONING SOURCE, EDMOND TOLD NISHIDA HE HAD BEEN ASSURED (BUT COULD NOT PERSONALLY CONFIRM) THAT BURMAH TANKERS HAD WRITTEN LETTER GUARANTEEING PRESENCE OF LNG TANKER AT BADAH ON MARCH 1, 1977 OR WHENEVER PERTAMINA

INDICATES LNG WILL BE READY. LETTER ALSO PLEDGES TO NOMINATE NECESSARY VESSEL(S) AND/OR HULL NUMBER(S) TO PERTAMINA WITHIN TWO WEEKS. BURMAH OIL ALSO PREPARED TO CHARTER SUCH VESSEL(S) FOR ONE YEAR OR MORE BEYOND MOST PESSIMISTIC DATE FOR DELIVERY FIRST EASCO VESSEL.

3. NISHIDA REMINDED EDMOND THAT JULY 31 DEADLINE HAD NOT BEEN CHANGED. EDMOND SUGGESTED THAT DEADLINE BE MOVED FORWARD TO GIVE INDONESIAN AND JAPANESE PARTIES MORE TIME TO WORK OUT SOLUTION. NISHIDA INDICATED THIS WAS ACCEPTABLE GOAL BUT WAS CLEARLY UNPREPARED TO MAKE ANY COMMITMENT THAT GOI WAS MOVING IN THIS DIRECTION.

4. ABOVE RELAYED TO BENSON WHO REPORTED THAT WIJARSO'S PLAN IS TO MEET LATER IN DAY OR ON JULY 31 WITH ITO AND ADDRESS EACH OF THREE CONCERNS RAISED BY ITO -- AVAILABILITY OF MARAD TITLE XI MORTGAGE INSURANCE GUARANTEES, AVAILABILITY OF SHIP WHEN LNG IS READY, AND ABILITY OF GENERAL DYNAMICS TO FOLLOW THROUGH ON ITS PROMISED EQUITY PARTICIPATION IN SHIPS. WIJARSO WILL REMIND ITO THAT MARAD ADMINISTRATOR BLACKWELL HAD INVITED JAPANESE TO COME DOWN TO WASHINGTON JULY 30 TO ANSWER ANY LINGERING QUESTIONS THEY MIGHT HAVE BUT THAT JAPANESE HAD NOT THOUGHT THIS NECESSARY. HE WILL GIVE ITO COPY OF BURMAH TANKERS LETTER MENTIONED PARA TWO ABOVE. AND PROVIDING HE RECEIVES IT, WIJARSO WILL GIVE ITO COPY OF LETTER FROM GD BOARD CHAIRMAN LEWIS STATING THAT HE BELIEVES GD WILL RECEIVE IN DUE COURSE A FAVORABLE IRS TAX RULING, BUT THAT IF SUCH IRS RULING IS NOT RECEIVED, CONFIDENTIAL

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GENERAL DYNAMICS IS STILL CONFIDENT THAT IT CAN PROVIDE EQUITY FINANCING NECESSARY.

5. WIJARSO WOULD INDICATE HIS ACCEPTANCE OF MARAD/BT/GD ASSURANCES AND ASK ITO IF ABOVE LETTERS AND JAPANESE DECLINING OF BLACKWELL INVITATION SATISFY THEIR CONCERNS. IF NOT, WIJARSO WOULD STATE HE REGRETTED LACK OF AGREEMENT BUT THAT HE THOUGHT NOTHING MORE COULD BE

DONE AND PLANNED TO LEAVE.

6. AS TELEGRAM WAS BEING PLACE IN TYPEWRITER, NISHIDA
PHONED EDMOND TO STATE HE RECEIVED TOKYO'S OFFICIAL
REACTION TO THE US APPROACH. IT WAS A) THAT THE ISSUES
WERE PRIMARILY BEING SETTLED BY PARTIES CONCERNED AND
B) WITH REGARD TO US REQUEST FOR A LIFTING OF THE
DEADLINE, THAT GOJ WAS NOT IN A POSITION TO TAKE ANY
SPECIAL STEPS TO ASSIST IN THIS MATTER. EDMOND EXPRESSED
DISAPPOINTMENT AT THIS NEWS. KISSINGER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LPG, MARINE TRANSPORTATION, CONTRACTS, CARGO SHIPS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 JUL 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: coburnhl
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE189707
Document Source: CORE
Document Unique ID: 00
Drafter: ARDORNHEIM:EA:LEEDMOND
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760295-0840
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t1976073/aaaaabxs.tel
Line Count: 125
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 76 STATE 18844, 76 JAKARTA 9964
Review Action: RELEASED, APPROVED
Review Authority: coburnhl
Review Comment: n/a
Review Content Flags:
Review Date: 19 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 MAY 2004 by buchant0>; APPROVED <08 SEP 2004 by coburnhl>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INDONESIA-JAPAN LNG TRANSPORTATION
TAGS: ENRG, EFIN, ID, JA, US, PERTAMINA, BURMAH
To: JAKARTA TOKYO
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006